

**REPORT OF THE AUDIT OF THE  
ROCKCASTLE COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2009**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Steven L. Beshear, Governor

Jonathan Miller, Secretary

Finance and Administration Cabinet

Honorable George "Buzz" Carloftis, Rockcastle County Judge/Executive

Members of the Rockcastle County Fiscal Court

The enclosed report prepared by Baldwin CPAs, PLLC, presents the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rockcastle County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements.

We engaged Baldwin CPAs, PLLC to perform the audit of these financial statements. We worked closely with the firm during our report review process; Baldwin CPAs, PLLC evaluated Rockcastle County's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Crit Luallen".

Crit Luallen

Auditor of Public Accounts

Enclosure





## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE ROCKCASTLE COUNTY FISCAL COURT**

**June 30, 2009**

Baldwin CPAs, PLLC has completed the audit of the Rockcastle County Fiscal Court for fiscal year ended June 30, 2009. They have issued unqualified opinions on the governmental activities, business-type activities, the discretely presented component unit, each major fund, and aggregate remaining fund information.

#### **Financial Conditions:**

The County had total net assets of \$4,879,957 as of June 30, 2009. In its governmental activities the County had unrestricted net assets of \$309,750 as of June 30, 2009, with total net assets of \$4,763,065. Total net cash and cash equivalents for the business-type activities were \$64,535. The County's discretely presented component unit had total net assets of \$2,365,227, which included cash and cash equivalents of \$358,908 as of June 30, 2009. The County had total debt principal as of June 30, 2009 of \$6,978,129 with \$524,538 due within the next year.

#### **Report Comments:**

- |         |  |
|---------|--|
| 2009-01 | The Fiscal Court Has A Shortage In The Jail Fund   |
| 2009-02 | All Invoices Should Be Paid Within Thirty Days As Required By KRS 65.140                               |
| 2009-03 | The Fiscal Court Should Budget All Funds Utilized By The County And Maintain Proper Accounting Records |
| 2009-04 | Transfers From Restricted Funds Should Be Returned   |
| 2009-05 | The Deposits Of The Industrial Development Authority Are Not Fully Collateralized                      |
| 2009-06 | The Fiscal Court Lacks Adequate Segregation Of Duties  |
| 2009-07 | The Industrial Development Authority Lacks Adequate Segregation Of Duties                              |

#### **Deposits:**

The County's deposits were insured and collateralized by bank securities.

The discretely presented component unit's deposits were uninsured and uncollateralized by bank securities or bonds.



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To the People of Kentucky  
Honorable Steven L. Beshear, Governor  
Jonathan Miller, Secretary  
Finance and Administration Cabinet  
Honorable George "Buzz" Carloftis, Rockcastle County Judge/Executive  
Members of the Rockcastle County Fiscal Court

### Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rockcastle County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Rockcastle County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Rockcastle County, Kentucky, prepares its financial statements in accordance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rockcastle County, Kentucky, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The County has not presented the management's discussion and analysis that the Governmental Accounting Standards Board (GASB) has determined is necessary to supplement, although not required to be part of, the basic financial statements. The budgetary comparison information is not a required part of the basic financial statement but is supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

To the People of Kentucky  
Honorable Steven L. Beshear, Governor  
Jonathan Miller, Secretary  
Finance and Administration Cabinet  
Honorable George "Buzz" Carloftis, Rockcastle County Judge/Executive  
Members of the Rockcastle County Fiscal Court

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rockcastle County, Kentucky's basic financial statements. The accompanying supplementary information, combining fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated January 22, 2010, on our consideration of Rockcastle County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Based on the results of our audit, we present the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2009-01 The Fiscal Court Has A Shortage In The Jail Fund
- 2009-02 All Invoices Should Be Paid Within Thirty Days As Required By KRS 65.140
- 2009-03 The Fiscal Court Should Budget All Funds Utilized By The County And Maintain Proper Accounting Records
- 2009-04 Transfers From Restricted Funds Should Be Returned
- 2009-05 The Deposits Of The Industrial Development Authority Are Not Fully Collateralized
- 2009-06 The Fiscal Court Lacks Adequate Segregation Of Duties
- 2009-07 The Industrial Development Authority Lacks Adequate Segregation Of Duties

Respectfully submitted,

***Baldwin CPAs, PLLC***  
Baldwin CPAs, PLLC  
January 22, 2010

ROCKCASTLE COUNTY OFFICIALS

For The Year Ended June 30, 2009

**Fiscal Court Members:**

George "Buzz" Carloftis	County Judge/Executive
John Holbrook	Magistrate
Billy R. McKinney	Magistrate
Jan Stevens	Magistrate
Ralph Allen	Magistrate
William Denny	Magistrate

**Other Elected Officials:**

William D. Reynolds	County Attorney
James E. Miller	Jailer
Norma Houk	County Clerk
Teresa Vanzant	Circuit Court Clerk
Mike Peters	Sheriff
Magaret Offutt	Property Valuation Administrator
Billy Dowell	Coroner

**Appointed Personnel:**

Joseph B. Clontz	County Treasurer
Patricia Martin	Finance Officer

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**ROCKCASTLE COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2009**



**ROCKCASTLE COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2009**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	Rockcastle County Industrial Development Authority
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 3,788,621	\$ 64,535	\$ 3,853,156	\$ 358,908
Notes Receivable Due Within One Year	40,101		40,101	
Total Current Assets	3,828,722	64,535	3,893,257	358,908
Noncurrent Assets:				
Notes Receivable Due In More Than One Year	136,635		136,635	
Capital Assets - Net of Accumulated Depreciation				
Land	410,000		410,000	1,384,130
Construction In Progress	121,700		121,700	2,321,032
Land Improvements	8,542		8,542	
Buildings and Improvements	3,877,047		3,877,047	86,400
Machinery and Equipment	576,778	16,852	593,630	
Vehicles	412,767	35,505	448,272	
Infrastructure Assets	2,369,003		2,369,003	
Total Noncurrent Assets	7,912,472	52,357	7,964,829	3,791,562
Total Assets	11,741,194	116,892	11,858,086	4,150,470
<b>LIABILITIES</b>				
Current Liabilities:				
Bond Payments	190,000		190,000	
Financing Obligations	334,538		334,538	232,708
Total Current Liabilities	524,538		524,538	232,708
Noncurrent Liabilities:				
Bond Payments	1,675,000		1,675,000	
Financing Obligations	4,778,591		4,778,591	1,552,535
Total Noncurrent Liabilities	6,453,591		6,453,591	1,552,535
Total Liabilities	6,978,129		6,978,129	1,785,243
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	797,708	52,357	850,065	2,006,319
Restricted For:				
Debt Service	3,655,607		3,655,607	
Unrestricted	309,750	64,535	374,285	358,908
Total Net Assets	\$ 4,763,065	\$ 116,892	\$ 4,879,957	\$ 2,365,227

The accompanying notes are an integral part of the financial statements.

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**ROCKCASTLE COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

**ROCKCASTLE COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

		Program Revenues Received		
Functions/Programs Reporting Entity	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 3,343,623	\$ 11,049	\$ 894,922	\$
Protection to Persons and Property	1,536,284	20,584	857,598	
General Health and Sanitation	225,298		227,702	
Social Services	30,972			
Recreation and Culture	131,685			
Roads	957,995		1,208,399	
Interest on Long-term Debt	174,218		150,770	
Total Governmental Activities	6,400,075	31,633	3,339,391	
Business-type Activities:				
Jail Canteen	81,564	95,947		
Total Business-type Activities	81,564	95,947		
Total Primary Government	\$ 6,481,639	\$ 127,580	\$ 3,339,391	\$ 0
Component Unit:				
Rockcaslte County Industrial Development Authority	\$ 41,755		\$ 1,451,555	

**General Revenues:**

Taxes:

Real Property Taxes

Motor Vehicle Taxes

Occupational Taxes

Other Taxes

In Lieu Taxes

Excess Fees

Unrestricted Investment Earnings

Miscellaneous Revenues

Gain on Sale of Assets

Transfer In (Out)

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

The accompanying notes are an integral part of the financial statements.

**ROCKCASTLE COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2009**  
**(Continued)**

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Totals	Rockcastle County Industrial Development Authority
\$ (2,437,652)	\$	\$ (2,437,652)	\$
(658,102)		(658,102)	
2,404		2,404	
(30,972)		(30,972)	
(131,685)		(131,685)	
250,404		250,404	
(23,448)		(23,448)	
(3,029,051)		(3,029,051)	
	14,383	14,383	
	14,383	14,383	
(3,029,051)	14,383	(3,014,668)	
			1,409,800
247,717		247,717	
60,609		60,609	
855,689		855,689	
862,483		862,483	
105,419		105,419	
20,671		20,671	
15,260	369	15,629	3,888
92,690		92,690	14,720
			19,400
52,837	(52,837)		
2,313,375	(52,468)	2,260,907	38,008
(715,676)	(38,085)	(753,761)	1,447,808
5,478,741	154,977	5,633,718	917,419
\$ 4,763,065	\$ 116,892	\$ 4,879,957	\$ 2,365,227

The accompanying notes are an integral part of the financial statements.

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**ROCKCASTLE COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2009**

**ROCKCASTLE COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2009**

	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Public Properties Corporation Fund</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 60,691	\$ 13,918	\$	\$ 253,370
Due From Other Funds		50,000		
Total Assets	<u>\$ 60,691</u>	<u>\$ 63,918</u>	<u>\$ 0</u>	<u>\$ 253,370</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Bank Overdrafts	\$	\$	\$ 36,966	\$
Due to Other Funds	50,000			
Total Liabilities	<u>\$ 50,000</u>	<u>\$</u>	<u>\$ 36,966</u>	<u>\$</u>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	\$ 24,286	\$ 31,785	\$ 50,191	\$
Unreserved:				
General Fund	(13,595)			
Special Revenue Funds		32,133	(87,157)	
Debt Service Fund				253,370
Total Fund Balance (Deficit)	<u>10,691</u>	<u>63,918</u>	<u>(36,966)</u>	<u>253,370</u>
Total Liabilities and Fund Balance	<u>\$ 60,691</u>	<u>\$ 63,918</u>	<u>\$ 0</u>	<u>\$ 253,370</u>

The accompanying notes are an integral part of the financial statements.

**ROCKCASTLE COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**June 30, 2009**  
**(Continued)**

<b>Debt Service Fund</b>	<b>Non- Major Funds</b>	<b>Total Governmental Funds</b>
\$ 3,402,237	\$ 95,371	\$ 3,825,587
		50,000
<u>\$ 3,402,237</u>	<u>\$ 95,371</u>	<u>\$ 3,875,587</u>
\$	\$	\$ 36,966
		50,000
<u>\$</u>	<u>\$</u>	<u>\$ 86,966</u>
\$	\$ 9,116	115,378
		(13,595)
	86,255	31,231
<u>3,402,237</u>		<u>3,655,607</u>
<u>3,402,237</u>	<u>95,371</u>	<u>3,788,621</u>
<u>\$ 3,402,237</u>	<u>\$ 95,371</u>	<u>\$ 3,875,587</u>

**Reconciliation of the Balance Sheet - Governmental Funds - To The Statement of Net Assets:**

Total Fund Balances	\$ 3,788,621
Amounts Reported For Governmental Activities In The Statement	
Of Net Assets Are Different Because:	
Capital Assets Used in Governmental Activities Are Not Financial Resources	
And Therefore Are Not Reported in the Funds.	10,787,073
Depreciation	(3,011,236)
Current Receivables	40,101
Non-current Receivables	136,635
Long-term Debt is Not Due And Payable in the Current Period And, Therefore, Is Not	
Reported in the Funds.	
Due Within One Year - Bonds, Notes, And Other Principal Payments	(524,538)
Due in More Than One Year - Bonds, Notes, And Other Principal Payments	(6,453,591)
Net Assets Of Governmental Activities	<u>\$ 4,763,065</u>

The accompanying notes are an integral part of the financial statements.

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**ROCKCASTLE COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

**ROCKCASTLE COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Public Properties Corporation Fund</b>
<b>REVENUES</b>				
Taxes	\$ 1,801,729	\$	\$	\$
In Lieu Tax Payments	35,096	70,323		
Excess Fees	20,671			
Licenses and Permits	18,687			
Intergovernmental	894,922	1,208,399	711,770	150,770
Charges for Services	11,049		20,584	
Miscellaneous	63,608	7,594	17,911	
Interest	4,277	989	389	8,054
Total Revenues	<u>2,850,039</u>	<u>1,287,305</u>	<u>750,654</u>	<u>158,824</u>
<b>EXPENDITURES</b>				
General Government	934,199			
Protection to Persons and Property	220,711		860,454	
General Health and Sanitation	186,588			
Social Services	30,972			
Recreation and Culture	109,816			
Roads		874,100		
Debt Service	1,818,867	239,972		168,350
Capital Projects	1,655,236			
Administration	328,404	185,295	152,526	
Total Expenditures	<u>5,284,793</u>	<u>1,299,367</u>	<u>1,012,980</u>	<u>168,350</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(2,434,754)</u>	<u>(12,062)</u>	<u>(262,326)</u>	<u>(9,526)</u>
<b>Other Financing Sources (Uses)</b>				
Financing Obligations Proceeds	1,780,000			
Transfers From Other Funds	1,332,293	226,600	359,016	20,083
Transfers To Other Funds	(654,705)	(226,600)	(106,797)	
Total Other Financing Sources (Uses)	<u>2,457,588</u>	<u></u>	<u>252,219</u>	<u>20,083</u>
Net Change in Fund Balances	22,834	(12,062)	(10,107)	10,557
Fund Balances (Deficit) - Beginning	(12,143)	75,980	(26,859)	242,813
Fund Balances (Deficit) - Ending	<u>\$ 10,691</u>	<u>\$ 63,918</u>	<u>\$ (36,966)</u>	<u>\$ 253,370</u>

The accompanying notes are an integral part of the financial statements.

**ROCKCASTLE COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>Debt Service Fund</b>	<b>Non- Major Funds</b>	<b>Total Governmental Funds</b>
\$	\$ 224,769	\$ 2,026,498
		105,419
		20,671
		18,687
	373,530	3,339,391
		31,633
6,407	16,248	111,768
880	672	15,261
<u>7,287</u>	<u>615,219</u>	<u>5,669,328</u>
	73,121	1,007,320
	396,507	1,477,672
	38,710	225,298
		30,972
	15,258	125,074
		874,100
180,712	23,246	2,431,147
		1,655,236
	63,696	729,921
<u>180,712</u>	<u>610,538</u>	<u>8,556,740</u>
<u>(173,425)</u>	<u>4,681</u>	<u>(2,887,412)</u>
4,500,000		6,280,000
177,640	31,000	2,146,632
<u>(1,105,693)</u>		<u>(2,093,795)</u>
<u>3,571,947</u>	<u>31,000</u>	<u>6,332,837</u>
3,398,522	35,681	3,445,425
3,715	59,690	343,196
<u>\$ 3,402,237</u>	<u>\$ 95,371</u>	<u>\$ 3,788,621</u>

The accompanying notes are an integral part of the financial statements.

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**ROCKCASTLE COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**



**ROCKCASTLE COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

Net Change in Fund Balances - Total Governmental Funds	\$ 3,445,425
<p>Amounts reported for governmental activities in the Statement of Activities are different because Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital Outlay	183,626
Depreciation Expense	(313,889)
<p>The proceeds of receipts of accounts receivable provide current financial resources and are reported in this fund financial statement but they are presented as a reduction of assets in the Statement of Net Assets.</p>	(7,766)
<p>The issuance of long-term debt (e.g. bonds, financing obligations) provides current financial resources to governmental funds, while repayment of principal on long-term debt consumes the current financial resources of Governmental Funds. These transactions, however, have no effect on net assets.</p>	
Financing Obligations	(6,280,000)
<p>Lease and bond principal payments are expensed in the Governmental Funds as a use of current financial resources.</p>	
Financing Obligations	2,076,928
Bond Payments	180,000
	<hr/>
Change in Net Assets of Governmental Activities	<u><u>\$ (715,676)</u></u>

The accompanying notes are an integral part of the financial statements.

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**ROCKCASTLE COUNTY**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**June 30, 2009**



**ROCKCASTLE COUNTY**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**June 30, 2009**

	<b>Business-Type Activities - Enterprise Fund</b>
	<b>Jail Canteen Fund</b>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 64,535
Total Current Assets	<u>64,535</u>
Noncurrent Assets:	
Capital Assets:	
Furniture and Equipment	26,288
Vehicles	118,881
Less Accumulated Depreciation	<u>(92,812)</u>
Total Noncurrent Assets	<u>52,357</u>
Total Assets	<u>116,892</u>
<b>Net Assets</b>	
Invested in Capital Assets,	
Net of Related Debt	52,357
Unrestricted	64,535
Total Net Assets	<u><u>\$ 116,892</u></u>

The accompanying notes are an integral part of the financial statements.

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**ROCKCASTLE COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**



**ROCKCASTLE COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

	<b>Business-Type Activities - Enterprise Fund</b>
	<b>Jail Canteen Fund</b>
<b>Operating Revenues</b>	
Canteen Receipts	\$ 95,947
Total Operating Revenues	<u>95,947</u>
<b>Operating Expenses</b>	
Cost of Sales	51,377
Educational and Recreational	4,895
Supplies	451
Depreciation	<u>21,710</u>
Total Operating Expenses	<u>78,433</u>
Operating Income	<u>17,514</u>
<b>Nonoperating Revenues</b>	
Interest Income	369
Other Expenses	(3,131)
Transfers Out	<u>(52,837)</u>
Total Nonoperating Revenues	<u>(55,599)</u>
Change In Net Assets	(38,085)
Total Net Assets - Beginning	<u>154,977</u>
Total Net Assets - Ending	<u><u>\$ 116,892</u></u>

The accompanying notes are an integral part of the financial statements.

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**ROCKCASTLE COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**



**ROCKCASTLE COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

	<b>Business-Type Activities - Enterprise Fund</b>
	<b>Jail Canteen Fund</b>
<b>Cash Flows From Operating Activities</b>	
Receipts From Customers	\$ 95,947
Cost of Sales	(51,377)
Educational and Recreational	(4,895)
Supplies	(451)
Net Cash Provided By Operating Activities	<u>39,224</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Purchases of Equipment	(22,003)
Other Expenses	(3,131)
Transfers Out	(52,837)
Net Cash (Used) in Capital and Related Financing Activities	<u>(77,971)</u>
<b>Cash Flows From Investing Activities</b>	
Interest Earned	<u>369</u>
Net Cash Provided By Investing Activities	<u>369</u>
Net Decrease in Cash and Cash Equivalents	(38,378)
Cash and Cash Equivalents - July 1, 2008	<u>102,913</u>
Cash and Cash Equivalents - June 30, 2009	<u><u>\$ 64,535</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$ 17,514
Adjustment to Reconcile Operating Income To Net Cash Provided By Operating Activities	
Depreciation Expense	<u>21,710</u>
Net Cash Provided By Operating Activities	<u><u>\$ 39,224</u></u>

The accompanying notes are an integral part of the financial statements.

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**ROCKCASTLE COUNTY**  
**STATEMENT OF FIDUCIARY FUND NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2009**



**ROCKCASTLE COUNTY**  
**STATEMENT OF FIDUCIARY FUND NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2009**

	<u><b>Agency Fund</b></u>
	<u><b>Jail Inmate Fund</b></u>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	<u>\$      12,876</u>
Total Assets	<u>          12,876</u>
<b>Liabilities</b>	
Amounts Held In Custody For Others	<u>\$      12,876</u>
Total Liabilities	<u>          12,876</u>
<b>Net Assets</b>	<u><u>              0</u></u>

The accompanying notes are an integral part of the financial statements.

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENTS**

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**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**Note 1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The County presents its government wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Notes receivables are recognized on the Statement of Net Assets, but notes receivables are not included and recognized on the Balance Sheet - Governmental Funds. Property tax receivables, accounts payable, compensated absences, and donated assets, among other items, are not reflected in the financial statements.

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance (Reserved for Encumbrances).

The State Local Finance Officer does not require the County to report capital assets and infrastructure; however, the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

**B. Reporting Entity**

The financial statements of Rockcastle County include the funds, agencies, boards, and entities for which the County is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as components units if either the County is financially accountable or the organization's exclusions would cause the County's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government. All others component units are discretely presented.

**Blended Component Unit**

The following legally separate organizations provide their services exclusively to the primary government, and the County is able to impose its will on these organizations. These organizations' balances and transactions are reported as though they are part of the County's primary government using the blending method.

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**B. Reporting Entity (Continued)**

Blended Component Units (Continued)

Rockcastle County Public Properties Corporation

The County has the authority to appoint a voting majority of the Public Properties Corporation's (PPC) Board of Directors. The County also has the ability to approve or modify the PPC's budget; approve or modify rate of fee changes affecting revenues; veto, overrule, or modify decisions of the Board of Directors; or otherwise impose its will on the PPC. In addition, the County is financially accountable for the PPC, legally entitled to the PPC's resources, and legally obligated for the PPC's debt. Financial information for the Public Properties Corporation is blended within Rockcastle County's financial statements.

Discretely Presented Component Unit

The component unit column in the combined financial statements includes the data of the following organization. It is reported on the Statement of Net Assets and the Statement of Activities in a separate column that is labeled as "Component Unit" to emphasize the organization's separateness from the County's primary government.

Rockcastle County Industrial Development Authority

The Industrial Development Authority (IDA) was established by the Rockcastle County Fiscal Court to retain and recruit businesses and job opportunities within the County. The County provides additional funding to the IDA as needed to carry out the IDA's objectives. The County is financially accountable and legally obligated for any debt incurred by the IDA. Exclusion of this entity as a component unit of Rockcastle County would cause the County's financial statements to be misleading or incomplete. The financial information for the IDA is presented discretely within Rockcastle County's financial statements. All activities of the IDA are accounted for within a governmental fund.

**C. Rockcastle County Elected Officials**

Kentucky law provides for election of the officials below from the geographic area constituting Rockcastle County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the County, various cities and special districts within the County, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statements of Rockcastle County, Kentucky.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff
- Coroner

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Fiduciary Funds are not included in these financial statements due to the unavailability of fiduciary funds to aid in the support of government programs.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function, 2) operating grants and contributions and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary funds) and whose total assets, liabilities, revenues or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The County may also designate any fund as a major fund.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

**Governmental Funds**

The government reports the following major governmental funds:

General Fund - This is the primary operating fund of the County. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the County to maintain these receipts and expenditures separately from the General Fund.

Jail Fund - This fund is used to account for the jail expenses of the County. The primary sources of revenue for this fund are reimbursements from the state and federal government, from other counties for housing prisoners, and transfers from other funds. The Department for Local Government requires the County to maintain these receipts and expenditures separately from the General Fund.

Public Properties Corporation Fund - This fund is a legally separate entity established to provide long-term debt service requirements of the County.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

The government also has the following non-major funds: LGEA Fund, Forestry Fund, 911 Fund, CSEPP Fund, LECP Fund, and Fairgrounds Fund, which are presented as Special Revenue Funds. These funds are used to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to lien and sale the 3<sup>rd</sup> Saturday in April following the delinquency date.

**Proprietary Funds**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the County's enterprise fund are charges to customers for sales in the Jail Canteen Fund. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses and depreciation on capital assets. The government has elected not to adopt Financial Accounting Standards Board (FASB) Statements or Interpretations issued after November 30, 1989, unless the Governmental Accounting Standards Board (GASB) specifically adopts such FASB Statements or Interpretations.

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

The government reports the following major proprietary fund:

Jail Canteen Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the County treasurer the receipts and disbursements of the Jail Canteen Fund.

**Fiduciary Funds**

Fiduciary funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. The County's agency funds are used to account for monies held by the County in the Jail Inmate Fund for custodial purposes only. Unlike other funds, agency funds report assets and liabilities only; therefore, it has no measurement focus.

The primary government reports the following fiduciary funds:

Jail Inmate Fund - This accounts for funds received from inmates and held until inmates use these funds or are released from custody.

**Presentation of Component Unit**

The financial statements present the Rockcastle County Industrial Development Authority (IDA) as a major discretely presented unit. Rockcastle County Fiscal Court significant transactions with the IDA for fiscal year ended June 30, 2009 are payments of \$664,214 from the governmental activities.

**E. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the County to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**F. Capital Assets**

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 1,500	10-75
Buildings and Building Improvements	\$ 1,000	10-60
Machinery and Equipment	\$ 1,000	2-10
Vehicles	\$ 1,000	10-25
Infrastructure	\$ 1,000	10-60

**G. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes and financing obligations are reported.

In the fund financial statements, governmental fund types recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

**H. Fund Equity**

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent County's intended use of the resources and should reflect actual plans approved by the County.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**H. Fund Equity (Continued)**

“Reserved for Encumbrances” are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the County incurs no liability until performance has occurred on the part of the party with whom the County has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance.

**I. Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the County by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the County by July 1.

The County may change the original budget by transferring appropriations at the activity level; however, the County may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

A formal budget was not adopted for the Public Properties Corporation fund because bond indentures and other relevant contractual provisions require specific payments to and from this fund annually and transfers are budgeted in the other funds to comply with these requirements. In addition, a formal budget for the Jail Canteen Fund is not adopted nor is it required by the Department for Local Government.

A formal budget was not adopted for the Rockcastle County Industrial Development Authority because this entity is a component unit of the County and the financial activity is not required to be included in the budget or financial statements of the primary government. The County established this entity as a component unit, which is operated independently of the Rockcastle County. This entity is included as a discretely presented component unit on the County’s financial statements.

**J. Related Organizations**

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization’s governing board. Based on the criteria the following are considered related organizations of Rockcastle County: the Rockcastle County Ambulance Service and the Western and Eastern Rockcastle County Water Associations.

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 2. Deposits**

The County and component unit maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County and the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and an official record of the depository institution. These requirements were not met for the component unit, as they did not have a written agreement with the bank.

**Custodial Credit Risk Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of June 30, 2009, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

However, as of June 30, 2009, \$59,789 of the component unit's bank balance of \$358,908 was exposed to custodial risk as follows:

- Unsecured and uncollateralized - \$59,789

**Note 3. Long-Term Receivables**

**A. Western Rockcastle County Water Association**

The Rockcastle County has entered into a financing obligation on the behalf of Western Rockcastle County Water Association for the purpose of constructing a water line. The loan was for a period of 20 years at 2.95 percent interest with 40 equal semi-annual payments in the amount of \$12,131 plus fees. The Rockcastle County Water Association has agreed to pay all debt service requirements on the financing obligation. Future payments due to Rockcastle County Fiscal Court are:

Fiscal Year Ended		
June 30	Principal	Interest & Fees
2010	\$ 21,112	\$ 3,363
2011	21,739	2,694
2012	22,385	2,004
2013	23,051	1,294
2014	23,736	561
Totals	<u>\$ 112,023</u>	<u>\$ 9,916</u>



**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 3. Long-Term Receivables (Continued)**

**B. Rockcastle Ambulance**

The Rockcastle County Fiscal Court has entered into a financing obligation on behalf of the Rockcastle Ambulance Service for the purchase of an ambulance. The loan was for a period of 5 years at 4.25 percent interest and matures on June 1, 2012. The Rockcastle Ambulance Service has agreed to pay all debt service requirements on the financing obligation. Future payments due to Rockcastle County Fiscal Court are:

Fiscal Year Ended June 30	Principal	Interest & Fees
2010	\$ 6,094	\$ 841
2011	6,353	583
2012	6,624	282
Totals	<u>\$ 19,071</u>	<u>\$ 1,706</u>

**C. Rockcastle Ambulance**

The Rockcastle County Fiscal Court has entered into a financing obligation on the behalf of the Rockcastle Ambulance Service for the purchase of an ambulance. The loan was for a period of 8 years at 4.25 percent interest and matures on March 20, 2012. The Rockcastle Ambulance Service has agreed to pay all debt service requirements on the financing obligation. Future payments due to Rockcastle County Fiscal Court are:

Fiscal Year Ended June 30	Principal	Interest & Fees
2010	\$ 7,161	\$ 691
2011	7,542	393
2012	5,556	90
Totals	<u>\$ 20,259</u>	<u>\$ 1,174</u>

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 3. Long-Term Receivables (Continued)**

**D. Rockcastle Ambulance**

The Rockcastle County Fiscal Court has entered into a financing obligation on behalf of the Rockcastle Ambulance Service for the purchase of an ambulance. The loan was for a period of 5 years at variable interest rates and matures on August 20, 2013. The Rockcastle Ambulance Service has agreed to pay all debt service requirements on the financing obligation. Future payments due to Rockcastle County Fiscal Court are:

Fiscal Year Ended June 30	Principal	Interest & Fees
2010	\$ 5,734	\$ 900
2011	5,954	853
2012	6,182	625
2013	6,419	386
2014	1,094	41
Totals	<u>\$ 25,383</u>	<u>\$ 2,805</u>

**Note 4. Transfer From Restricted Funds**

During the fiscal year ended June 30, 2008, the County transferred \$50,000 to the General Fund of restricted monies from the Road Fund. These monies are due back to the Road Fund.

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 5. Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Primary Government:</b>				
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 410,000	\$	\$	410,000
Construction In Progress	36,586	85,114		121,700
Total Capital Assests Not Being Depreciated	446,586	85,114		531,700
Capital Assets, Being Depreciated:				
Land Improvements	13,881			13,881
Buildings and Improvements	4,845,192			4,845,192
Machinery and Equipment	1,632,494	98,512		1,731,006
Vehicles	1,060,406			1,060,406
Infrastructure	2,604,888			2,604,888
Total Capital Assets Being Depreciated	10,156,861	98,512		10,255,373
Less Accumulated Depreciation For:				
Land Improvements	(4,184)	(1,155)		(5,339)
Buildings and Improvements	(894,484)	(73,661)		(968,145)
Machinery and Equipment	(1,049,503)	(104,725)		(1,154,228)
Vehicles	(574,694)	(72,945)		(647,639)
Infrastructure	(174,482)	(61,403)		(235,885)
Total Accumulated Depreciation	(2,697,347)	(313,889)		(3,011,236)
Total Capital Assets, Being Depreciated, Net	7,459,514	(215,377)		7,244,137
Governmental Activities Capital Assets, Net	<u>\$ 7,906,100</u>	<u>\$ (130,263)</u>	<u>\$ 0</u>	<u>\$ 7,775,837</u>
<u>Business-Type Activities:</u>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 21,004	\$ 9,394	\$	\$ 30,398
Vehicles	102,162	12,609		114,771
Total Capital Assets Being Depreciated	123,166	22,003		145,169
Less Accumulated Depreciation For:				
Machinery and Equipment	(10,199)	(3,347)		(13,546)
Vehicles	(60,903)	(18,363)		(79,266)
Total Accumulated Depreciation	(71,102)	(21,710)		(92,812)
Total Capital Assets, Being Depreciated, Net	52,064	293		52,357
Business-Type Activities Capital Assets, Net	<u>\$ 52,064</u>	<u>\$ 293</u>	<u>\$ 0</u>	<u>\$ 52,357</u>

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 5. Capital Assets (Continued)**

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$ 134,771
Protection to Persons and Property	88,612
Recreation and Culture	6,611
Roads, Including Depreciation of General Infrastructure Assets	<u>83,895</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 313,889</u>

Business-Type Activities

Jail Canteen	<u>\$ 21,710</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 21,710</u>

Capital asset activity for the discretely component unit for the year ended June 30, 2009 is as follows:

	Reporting Entity		
	Beginning Balance	Increases	Ending Balance
Capital Assets Not Being Depreciated:			
Land	\$ 585,000	\$ 877,130	\$ 1,384,130
Construction In Progress		2,321,032	2,321,032
Total Capital Assets Not Being Depreciated	<u>585,000</u>	<u>3,198,162</u>	<u>3,705,162</u>
Capital Assets, Being Depreciated:			
Buildings	<u>90,000</u>		<u>90,000</u>
Total Capital Assets Being Depreciated	<u>90,000</u>		<u>90,000</u>
Less Accumulated Depreciation For:			
Buildings	<u>(2,400)</u>	<u>(1,200)</u>	<u>(3,600)</u>
Total Accumulated Depreciation	<u>(2,400)</u>	<u>(1,200)</u>	<u>(3,600)</u>
Total Capital Assets, Being Depreciated, Net	<u>87,600</u>	<u>(1,200)</u>	<u>86,400</u>
Capital Assets, Net	<u>\$ 672,600</u>	<u>\$ 3,196,962</u>	<u>\$ 3,791,562</u>

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 5. Capital Assets (Continued)**

Depreciation expense was charged to function of the discretely presented major component unit as follows:

Industrial Development Authority	<u>\$ 1,200</u>
Total Depreciation Expense - Component Unit	<u><u>\$ 1,200</u></u>

**Note 6. Short-term Debt**

On July 10, 2008 Rockcastle County Fiscal Court entered into loan agreement with Community Trust Bank for \$250,000. The purpose of this loan was for business expenses. The loan was repaid on June 30, 2009.

On July 10, 2008 Rockcastle County Fiscal Court entered into loan agreement with Citizens Bank for \$250,000. The purpose of this loan was for business expenses. The loan was repaid on June 30, 2009.

On November 26, 2008 Rockcastle County Fiscal Court entered into loan agreement with Peoples Bank of Kentucky for \$250,000. The purpose of this loan was for operating expenses. The loan was repaid on June 30, 2009.

On December 19, 2008 Rockcastle County Fiscal Court entered into a loan agreement with Citizens Bank for \$1,000,000. This loan was renewed on March 24, 2009. This was retired when the County received subsequent lease proceeds in May, 2009.

Changes In Short-term Liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
Bank Notes Payable	\$	\$ 1,750,000	\$1,750,000	\$	\$
Governmental Activities Short-term Liabilities	<u>\$</u>	<u>\$ 1,750,000</u>	<u>\$ 1,750,000</u>	<u>\$ 0</u>	<u>\$ 0</u>

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 7. Long-term Debt**

**A. Public Properties First Mortgage Refunding Revenue Bonds, Series 1997**

The Rockcastle County Public Properties Corporation issued obligations of \$1,830,000, dated October 1, 1997 and payable in 15 annual installments beginning March 1, 1998 and semi-annual interests payments on the first of March and September at varying rates from 4.60% to 5.90%. The bonds were issued for the purpose of refunding the Series 1991 bonds issued by Rockcastle County Public Properties Corporation. As of June 30, 2009, bonds outstanding were \$695,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2010	\$ 135,000	\$ 31,790
2011	145,000	24,791
2012	150,000	17,340
2013	265,000	6,758
Total	<u>\$ 695,000</u>	<u>\$ 80,679</u>

**B. General Obligation Refunding Bonds, Series 2007**

The Rockcastle County Fiscal Court issued obligations of \$1,325,000, dated April 12, 2007 and payable in 19 annual installments beginning June 1, 2007 and semi-annual interest payments on the first of June and December at varying rates from 4.1% to 4.55%. The Fiscal Court issued the bonds for the purpose of refinancing the Kentucky Area Development Districts Financing Trust Debt, issued for the purpose of refinancing jail renovations and a fire truck for Brindle Ridge Fire Department. As of June 30, 2009, bonds outstanding were \$1,170,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2010	\$ 55,000	\$ 51,762
2011	55,000	49,453
2012	60,000	47,142
2013	60,000	44,622
2014	65,000	42,042
2015-2019	360,000	166,358
2020-2024	425,000	79,585
2025	90,000	4,095
Total	<u>\$ 1,170,000</u>	<u>\$ 485,059</u>

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 7. Long-term Debt (Continued)**

**C. Note Payable - KIA**

On June 1, 1994, Rockcastle County borrowed \$364,572 from the Kentucky Infrastructure Authority for the purpose of constructing a water line for the Western Rockcastle Water Association. The loan was for a period of 20 years at 2.95 percent interest with 40 equal semi-annual payments in the amount of \$12,131. The principal balance due at June 30, 2009 was \$112,023.

Fiscal Year Ended June 30	Principal	Interest & Fees
2010	\$ 21,112	\$ 3,364
2011	21,739	2,694
2012	22,385	2,004
2013	23,051	1,294
2014	23,736	561
Total	<u>\$ 112,023</u>	<u>\$ 9,917</u>

**D. Financing Obligation - 911 Dictaphone Lease**

In January 1998, Rockcastle County entered into a lease agreement with Fleetwood Financial in the amount of \$17,849 to purchase a dictaphone for 911. Principal and interest at a rate of 7.5 percent is paid annually for a period of 4 years. The principal balance due at June 30, 2009 was \$3,818. Future lease principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2010	\$ 3,819	\$ 228
Total	<u>\$ 3,819</u>	<u>\$ 228</u>

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 7. Long-term Debt (Continued)**

**E. Financing Obligation - Ambulance Lease**

On August 4, 2008, Rockcastle County entered into a lease agreement with the Kentucky Association of Counties Leasing Trust in the amount of \$30,000 to purchase an ambulance. Principal and interest, at a variable rate, is paid monthly for a period of 5 years. The principal balance due at June 30, 2009 was \$25,383. Future lease principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest & Fees
2010	\$ 5,734	\$ 900
2011	5,954	853
2012	6,182	625
2013	6,419	386
2014	1,094	41
Total	<u>\$ 25,383</u>	<u>\$ 2,805</u>

**F. Financing Obligation - 911 System Lease**

On March 27, 2000, Rockcastle County entered into a lease agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$179,285 to purchase a 911 system. Principal and interest at a variable rate is paid monthly for a period of 10 years. The principal balance due at June 30, 2009 was \$17,356. Future lease principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2010	\$ 17,356	\$ 1,292
Total	<u>\$ 17,356</u>	<u>\$ 1,292</u>

**G. Financing Obligation - Boiler Lease**

On March 27, 2000, Rockcastle County entered into a lease agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$28,755 to purchase a boiler. Principal and interest at variable rates is paid monthly for a period of 10 years. The principal balance due at June 30, 2009 was \$2,755. Future lease principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2010	\$ 2,755	\$ 52
Total	<u>\$ 2,755</u>	<u>\$ 52</u>



**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 7. Long-term Debt (Continued)**

**H. Financing Obligation - Land Purchase**

On May 18, 2009, Rockcastle County entered into a lease agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$2,500,000 to purchase land. Principal and interest at a variable rate is paid monthly for a period of 20 years. The principal balance due at June 30, 2009 was \$2,493,000. Future lease principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2010	\$ 84,000	\$ 103,072
2011	84,000	99,520
2012	94,000	95,991
2013	96,000	91,955
2014	96,000	87,964
2015-2019	559,000	373,723
2020-2024	677,000	245,948
2025-2029	803,000	89,670
Total	<u>\$ 2,493,000</u>	<u>\$ 1,187,843</u>

**I. Financing Obligation - Building and Fire Equipment Lease**

On January 23, 2003, Rockcastle County entered into a lease agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$55,000 to purchase fire equipment. Principal and interest at a rate of 3.96 percent is paid monthly for a period of 15 years. The principal balance due at June 30, 2009 was \$37,128. Future lease principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2010	\$ 3,453	\$ 1,693
2011	3,604	1,527
2012	3,762	1,352
2013	3,928	1,171
2014	4,100	981
2015-2018	18,281	1,853
Total	<u>\$ 37,128</u>	<u>\$ 8,577</u>

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 7. Long-term Debt (Continued)**

**J. Financing Obligations - Ambulance Lease**

On August 23, 2004 the Rockcastle County Fiscal Court entered into a capital lease agreement with Kentucky Association of Counties Leasing Trust for the purchase of an ambulance. The principal was \$50,000 at an effective interest rate of 4.47 percent for a period of eight years, with principal and interest paid monthly. The principal balance outstanding as of June 30, 2009 was \$20,259. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2010	\$ 7,161	\$ 691
2011	7,542	393
2012	5,556	90
Total	<u>\$ 20,259</u>	<u>\$ 1,174</u>

**K. Financing Obligation - Industrial Development Authority Lease**

In January 2006, Rockcastle County began making payments on a lease agreement between the Industrial Development Authority and Kentucky Association of Counties Leasing Trust. Principal and interest at a rate of 2.75 percent is paid monthly. The lease matures on April 20, 2013. The principal balance due at June 30, 2009 was \$43,282. Future lease principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2010	\$ 10,518	\$ 1,450
2011	11,047	1,058
2012	11,603	648
2013	10,114	211
Total	<u>\$ 43,282</u>	<u>\$ 3,367</u>

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 7. Long-term Debt (Continued)**

**L. Financing Obligations - KADD Lease**

On June 1, 2007, Rockcastle County entered into a lease agreement with the Kentucky Area Development Districts Financing Trust in the amount of \$340,000 to pay a short-term note at Citizens Bank and to purchase an ambulance for the Ambulance Service. Principal is paid annually and interest, at a rate of 4.25 percent, is paid semi-annually for a period of 5 years. The principal balance due at June 30, 2009 was \$215,000. Future lease principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2010	\$ 70,000	\$ 9,488
2011	70,000	6,513
2012	75,000	3,187
Total	<u>\$ 215,000</u>	<u>\$ 19,188</u>

**M. Financing Obligations - Fire Truck Lease**

On November 13, 2007 the Rockcastle County Fiscal Court entered into a capital lease agreement with Kentucky Association of Counties Leasing Trust for the purchase of a fire truck for the Livingston Fire Department. The principal was \$65,000 at an effective interest rate of 4.56 percent for a period of ten years, with principal and interest paid monthly. The principal balance outstanding as of June 30, 2009 was \$56,124. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2010	\$ 5,560	\$ 2,888
2011	5,845	2,648
2012	6,145	2,351
2013	6,460	2,035
2014	6,792	1,704
2015-2018	<u>25,322</u>	<u>3,088</u>
Total	<u>\$ 56,124</u>	<u>\$ 14,714</u>

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 7. Long-term Debt (Continued)**

**N. Financing Obligations - Pongo Fire Department Lease**

On November 27, 2007 the Rockcastle County Fiscal Court entered into a capital lease agreement with Kentucky Association of Counties Leasing Trust for the construction of the Pongo Fire Department. The principal was \$90,000 at an effective interest rate of 4.871 percent for a period of 20 years, with principal and interest paid monthly. The principal balance outstanding as of June 30, 2009 was \$87,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2010	\$ 3,000	\$ 4,039
2011	3,000	3,904
2012	3,000	3,768
2013	3,000	3,632
2014	4,000	3,632
2015-2019	20,000	15,466
2020-2024	26,000	10,503
2025-2028	25,000	3,941
Total	<u>\$ 87,000</u>	<u>\$ 48,885</u>

**O. Financing Obligations - Road Resurfacing**

On June 22, 2009 the Rockcastle County Fiscal Court entered into a capital lease agreement with Kentucky Association of Counties Leasing Trust for the purpose of resurfacing roads. The principal was \$2,000,000 at an effective interest rate of 3 percent for a period of fifteen years, with principal and interest paid monthly. The principal balance outstanding as of June 30, 2009 was \$2,000,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Interest
2010	\$ 100,071	\$ 84,190
2011	104,148	77,837
2012	108,391	73,518
2013	112,807	68,887
2014	117,403	64,112
2015-2019	662,781	241,810
2025-2029	794,399	89,583
Total	<u>\$ 2,000,000</u>	<u>\$ 699,937</u>

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 8. Changes in Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
<u>Governmental Activities:</u>					
Bonds	\$ 2,045,000	\$	\$ 180,000	\$ 1,865,000	\$ 190,000
Financing Obligations	910,056	4,530,000	326,927	5,113,129	334,538
Governmental Activities					
Long-term Liabilities	<u>\$ 2,955,056</u>	<u>\$ 4,530,000</u>	<u>\$ 506,927</u>	<u>\$ 6,978,129</u>	<u>\$ 524,538</u>

**Note 9. Interest On Long Term Debt**

Debt Service on the Statement of Activities includes \$82,055 in interest on financing obligations and \$92,163 in interest on bonds.

**Note 10. Related Party Transactions**

The Rockcastle County Fiscal Court conducted business with Broadhead Farm Equipment, which is owned by Magistrate Bill McKinney's brother. The County purchased equipment and parts from Broadhead Farm Equipment for the fiscal year ended June 30, 2009. These transactions are considered to be related party transactions.

**Note 11. Employee Retirement System**

The fiscal court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.50 percent.

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 9 percent of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 29.50 percent.

The contribution requirement for CERS for the years ended June 30, 2009, 2008 and 2007 were \$259,874, \$293,816, and \$221,405, respectively

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 11. Employee Retirement System (Continued)**

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008 aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

**Note 12. Deferred Compensation**

Rockcastle County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by The Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate. These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing The Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in The Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority, 105 Sea Hero Road, Suite 1, Frankfort, KY 40601-8862, or by telephone at 502-573-7925.

**Note 13. Conduit Debt**

To provide for construction of a 24,000 square foot facility at the Rockcastle County Industrial Park, the County has issued notes payable to Community Trust Bank. The notes are payable solely from and secured by a pledge of rentals to be received from lease agreements between the Industrial Authority and a tenant. The notes do not constitute a debt or pledge of the faith and credit of the County, and accordingly have not been reported in the accompanying financial statements. The balance of the notes at June 30, 2009 was \$1,785,243.

**ROCKCASTLE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 14. Insurance**

For the fiscal year ended June 30, 2009, Rockcastle County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the member, the members are responsible for the payment of the excess losses.

**Note 15. Deficit Fund Balances**

The Rockcastle County Fiscal Court ended the fiscal year ended June 30, 2009 with a deficit fund balance of \$36,966 in the Jail Fund.

**Note 16. Escrow Account**

The Rockcastle County Fiscal Court issued refunding bonds in April 2007. The proceeds were placed in an escrow account to retire old debt at a later date. As of June 30, 2009, the escrow account had a balance of \$1,110,454.

**Note 17. Subsequent Events**

No events have occurred subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements. The Organization has evaluated subsequent events through January 22, 2010, which is the date the financial statements were available to be issued.

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**ROCKCASTLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**



**ROCKCASTLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 1,862,050	\$ 1,875,334	\$ 1,801,729	\$ (73,605)
In Lieu Tax Payments	18,700	18,700	35,096	16,396
Excess Fees	43,200	62,259	20,671	(41,588)
Licenses and Permits	20,750	20,750	18,687	(2,063)
Intergovernmental Revenue	221,545	743,985	894,922	150,937
Charges for Services	15,500	15,500	11,049	(4,451)
Miscellaneous	33,000	65,458	63,608	(1,850)
Interest	5,000	7,122	4,277	(2,845)
Total Revenues	2,219,745	2,809,108	2,850,039	40,931
<b>EXPENDITURES</b>				
General Government	816,643	1,011,295	934,199	77,096
Protection to Persons and Property	70,650	234,915	220,711	14,204
General Health and Sanitation	55,870	189,789	186,588	3,201
Social Services	5,000	31,228	30,972	256
Recreation and Culture	9,500	125,839	109,816	16,023
Debt Service	81,971	163,283	1,818,867	(1,655,584)
Capital Projects		2,943,058	1,655,236	1,287,822
Administration	609,897	361,431	328,404	33,027
Total Expenditures	1,649,531	5,060,838	5,284,793	(223,955)
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	570,214	(2,251,730)	(2,434,754)	(183,024)
<b>OTHER FINANCING SOURCES (USES)</b>				
Financing Obligation Proceeds		2,814,087	1,780,000	(1,034,087)
Transfers From Other Funds			1,332,293	1,332,293
Transfers To Other Funds	(600,214)	(600,214)	(654,705)	(54,491)
Total Other Financing Sources (Uses)	(600,214)	2,213,873	2,457,588	243,715
Net Changes in Fund Balance	(30,000)	(37,857)	22,834	60,691
Fund Balance - Beginning	30,000	37,857	37,857	
Fund Balance - Ending	\$ 0	\$ 0	\$ 60,691	\$ 60,691

**ROCKCASTLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
In Lieu Tax Payments	\$ 25,000	\$ 70,323	\$ 70,323	\$
Intergovernmental Revenue	1,013,500	1,218,953	1,208,399	(10,554)
Miscellaneous	6,000	7,924	7,594	(330)
Interest	1,200	1,200	989	(211)
Total Revenues	1,045,700	1,298,400	1,287,305	(11,095)
<b>EXPENDITURES</b>				
General Government	18,000	18,000		18,000
General Health and Sanitation	45,000	45,000		45,000
Roads	747,000	876,965	874,100	2,865
Debt Service	239,978	239,978	239,972	6
Administration	189,965	338,680	185,295	153,385
Total Expenditures	1,239,943	1,518,623	1,299,367	219,256
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(194,243)	(220,223)	(12,062)	208,161
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	194,243	194,243	226,600	32,357
Transfers To Other Funds			(226,600)	(226,600)
Total Other Financing Sources (Uses)	194,243	194,243		(194,243)
Net Changes in Fund Balance		(25,980)	(12,062)	13,918
Fund Balance - Beginning		25,980	25,980	
Fund Balance - Ending	\$	\$	\$ 13,918	\$ 13,918

**ROCKCASTLE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>JAIL FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 825,630	\$ 868,984	\$ 711,770	\$ (157,214)
Charges for Services	30,500	39,354	20,584	(18,770)
Miscellaneous	21,500	23,540	17,911	(5,629)
Interest	1,000	1,000	389	(611)
Total Revenues	878,630	932,878	750,654	(182,224)
<b>EXPENDITURES</b>				
Protection to Persons and Property	913,044	965,029	860,454	104,575
Debt Service	100,764	106,799		106,799
Administration	207,122	203,350	152,526	50,824
Total Expenditures	1,220,930	1,275,178	1,012,980	262,198
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(342,300)	(342,300)	(262,326)	79,974
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	342,300	342,300	359,016	16,716
Transfers To Other Funds			(106,797)	(106,797)
Total Other Financing Sources (Uses)	342,300	342,300	252,219	(90,081)
Net Changes in Fund Balance			(10,107)	(10,107)
Fund Balance - Beginning			(26,859)	(26,859)
Fund Balance - Ending	\$ 0	\$ 0	\$ (36,966)	\$ (36,966)

**ROCKCASTLE COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2009**

**Note 1. Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the County by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the County by July 1.

The County may change the original budget by transferring appropriations at the activity level; however, the County may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

**Note 2. General Fund Reconciliation**

The General Fund Budgetary Comparison Schedule differs from the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds due to interfund payable to the Road Fund of \$50,000.

**Note 3. Road Fund Reconciliation**

The Road Fund Budgetary Comparison Schedule differs from the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds due to interfund receivable from the General Fund of \$50,000.

**ROCKCASTLE COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
  
**For The Year Ended June 30, 2009**

**ROCKCASTLE COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**For The Year Ended June 30, 2009**

	<b>LGEA Fund</b>	<b>Forestry Fund</b>	<b>911 Fund</b>	<b>CSEPP Fund</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 62,427	\$ 339	\$ 13,804	\$ 3,127
Total Assets	<u>62,427</u>	<u>339</u>	<u>13,804</u>	<u>3,127</u>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances	2,700		2,137	4,279
Unreserved:				
Special Revenue Funds	<u>59,727</u>	<u>339</u>	<u>11,667</u>	<u>(1,152)</u>
Total Fund Balances	<u>\$ 62,427</u>	<u>\$ 339</u>	<u>\$ 13,804</u>	<u>\$ 3,127</u>

The accompanying notes are an integral part of the financial statements.



**ROCKCASTLE COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
**June 30, 2009**  
**(Continued)**

<b>LECP Fund</b>	<b>Fairgrounds Fund</b>	<b>Total Non-Major Governmental Funds</b>
<u>\$ 2,241</u>	<u>\$ 13,433</u>	<u>\$ 95,371</u>
<u>2,241</u>	<u>13,433</u>	<u>95,371</u>
		9,116
<u>2,241</u>	<u>13,433</u>	<u>86,255</u>
<u>\$ 2,241</u>	<u>\$ 13,433</u>	<u>\$ 95,371</u>

The accompanying notes are an integral part of the financial statements.

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**ROCKCASTLE COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
**For The Year Ended June 30, 2009**

**ROCKCASTLE COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**For The Year Ended June 30, 2009**

	<b>LGEA Fund</b>	<b>Forestry Fund</b>	<b>911 Fund</b>
<b>REVENUES</b>			
Taxes	\$	\$ 1,526	\$ 223,243
Intergovernmental	227,702		
Miscellaneous			2,360
Interest	580	9	83
Total Revenues	<u>228,282</u>	<u>1,535</u>	<u>225,686</u>
<b>EXPENDITURES</b>			
General Government	73,121		
Protection to Persons and Property	50,523	2,555	190,276
General Health and Sanitation	38,710		
Recreation and Culture	6,481		
Debt Service	3,600		19,646
Administration	9,917		36,142
Total Expenditures	<u>182,352</u>	<u>2,555</u>	<u>246,064</u>
Excess (Deficiency) of Revenues			
Expenditures Before Transfers			
Financing Sources (Uses)	<u>45,930</u>	<u>(1,020)</u>	<u>(20,378)</u>
<b>Other Financing Sources</b>			
Transfers From Other Funds		1,000	30,000
Total Other Financing Sources		<u>1,000</u>	<u>30,000</u>
Net Change in Fund Balances	45,930	(20)	9,622
Fund Balances - Beginning	16,497	359	4,182
Fund Balances - Ending	<u>\$ 62,427</u>	<u>\$ 339</u>	<u>\$ 13,804</u>

The accompanying notes are an integral part of the financial statements.

**ROCKCASTLE COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>CSEPP Fund</b>	<b>LECP Fund</b>	<b>Fairgrounds Fund</b>	<b>Total Non-Major Governmental Funds</b>
\$	\$	\$	\$
144,935	893		224,769
1,338		12,550	373,530
			16,248
			672
<u>146,273</u>	<u>893</u>	<u>12,550</u>	<u>615,219</u>
			73,121
153,153			396,507
			38,710
		8,777	15,258
			23,246
17,637			63,696
<u>170,790</u>		<u>8,777</u>	<u>610,538</u>
<u>(24,517)</u>	<u>893</u>	<u>3,773</u>	<u>4,681</u>
			31,000
			<u>31,000</u>
(24,517)	893	3,773	35,681
27,644	1,348	9,660	59,690
<u>\$ 3,127</u>	<u>\$ 2,241</u>	<u>\$ 13,433</u>	<u>\$ 95,371</u>

The accompanying notes are an integral part of the financial statements.

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**ROCKCASTLE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
COMPONENT UNIT OF ROCKCASTLE COUNTY  
BALANCE SHEET - GOVERNMENTAL FUND - MODIFIED CASH BASIS  
Other Supplementary Information**

**June 30, 2009**





**ROCKCASTLE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**  
**COMPONENT UNIT OF ROCKCASTLE COUNTY**  
**BALANCE SHEET- COMPONENT UNIT- MODIFIED CASH BASIS**  
**Other Supplementary Information**

**June 30, 2009**

	<b>Rockcastle County Industrial Development Authority</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 358,908
Total Assets	<u>\$ 358,908</u>
<b>FUND BALANCE</b>	
Unreserved	\$ 358,908
Total Fund Balance	<u>\$ 358,908</u>

**Reconciliation to Statement of Net Assets:**

Total Fund Balance	\$ 358,908
Amounts Reported For Governmental Activities In The Statement Of Net Assets Are Different Because:	
Capital Assets Used in Governmental Activities Are Not Financial Resources And Therefore Are Not Reported in the Funds.	3,795,162
Accumulated Depreciation	(3,600)
Long-term Debt is Not Due And Payable in the Current Period And, Therefore, Is Not Reported in the Funds.	
Due Within One Year - Note Payments	(232,708)
Due in More Than One Year - Note Payments	<u>(1,552,535)</u>
Net Assets Of Governmental Activities	<u>\$ 2,365,227</u>

The accompanying notes are an integral part of the financial statements.

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**ROCKCASTLE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS - COMPONENT UNIT - MODIFIED CASH BASIS  
Other Supplementary Information**

**June 30, 2009**



**ROCKCASTLE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - COMPONENT UNIT - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**June 30, 2009**

**Rockcastle County**  
**Industrial Development**  
**Authority**

**REVENUES**

Intergovernmental Revenue	\$ 1,451,555
Miscellaneous	112,120
Interest	<u>3,888</u>
Total Revenues	<u>1,567,563</u>

**EXPENDITURES**

Capital Projects	3,198,162
Administration	<u>40,555</u>
Total Expenditures	<u>3,238,717</u>

Deficiency of Revenues Over Expenditures Before Other Financing Sources	<u>(1,671,154)</u>
---	--------------------

**OTHER FINANCING SOURCES**

Debt Proceeds	<u>1,785,243</u>
Total Other Financing Sources	<u>1,785,243</u>

Net Change in Fund Balances	114,089
Fund Balances - Beginning	<u>244,819</u>
Fund Balances - Ending	<u>\$ 358,908</u>

**Reconciliation to the Statement of Activities:**

Net Change in Fund Balances - Rockcastle County Industrial Development Auth \$ 114,089

Governmental Fund report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

3,198,162

Accumulated Depreciation (1,200)

The proceeds for the issuance notes payable provide current financial resources and are reported in this fund financial statement but they are presented as liabilities in the statement of net assets.

(1,785,243)

The proceeds for the sale of fixed assets provide current financial resources and are reported in this fund financial statement but only the gain or loss is presented in the statement of net assets. This amount represents net book value of the capital asset disposed of.

(78,000)

Change in Net Assets of Rockcastle County Industrial Development Authority \$ 1,447,808

The accompanying notes are an integral part of the financial statements.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**





The Honorable George “Buzz” Carloftis, Rockcastle County Judge/Executive  
Members of the Rockcastle County Fiscal Court

Report On Internal Control Over Financial Reporting And On  
Compliance And Other Matters Based On An Audit Of Financial Statements  
Performed In Accordance With Government Auditing Standards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely component unit, each major fund, and the aggregate remaining fund information of Rockcastle County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County’s basic financial statements and have issued our report thereon dated January 22, 2010. Rockcastle County presents its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rockcastle County’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rockcastle County Fiscal Court’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Rockcastle County Fiscal Court’s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect Rockcastle County Fiscal Court’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with the modified cash basis of accounting such that there is more than a remote likelihood that a misstatement of Rockcastle County Fiscal Court’s financial statements that is more than inconsequential will not be prevented or detected by Rockcastle County Fiscal Court’s internal control. We consider the deficiencies included in the accompanying comments and recommendations as items 2009-06 and 2009-07 to be significant deficiencies in internal control over financial reporting.

Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Rockcastle County Fiscal Court's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies described above to be material weaknesses.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Rockcastle County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are included in the accompanying comments and recommendations as items 2009-01, 2009-02, 2009-03, 2009-04 and 2009-05.

The Rockcastle County Judge/Executive's responses to the findings identified in our audit are described in the accompanying comments and recommendations. We did not audit the responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management and the Department for Local Government, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

***Baldwin CPAs, PLLC***

Baldwin CPAs, PLLC

January 22, 2010

**ROCKCASTLE COUNTY  
COMMENTS AND RECOMMENDATIONS**

**For The Year Ended June 30, 2009**



**ROCKCASTLE COUNTY**  
**COMMENTS AND RECOMMENDATIONS**  
**For the Year Ended June 30, 2009**

STATE LAW AND REGULATIONS:

2009-01 The Fiscal Court Has A Shortage In Jail Fund

As of June 30, 2009, the Rockcastle County Fiscal Court had negative unreserved fund balance of \$87,157 in the Jail Fund. The fund shortage is a result of unpaid obligations that were due by fiscal year ended June 30, 2009. There was also a cash deficit in the Jail Fund totaling \$36,966.

KRS 68.110 states "The fiscal court shall not in any year expend any money in excess of the amount annually levied and collected for that year...". We recommend that the Fiscal Court comply with KRS 68.110 and eliminate the shortage in the General and Jail Funds.

*County Judge/Executive George "Buzz" Carloftis's Response: Efforts will be made to correct this in the future.*

2009-02 All Invoices Should Be Paid Within Thirty Days As Required By KRS 65.140

During our expenditure and encumbrance testing, we noted several expenditures that were not paid within thirty working days as required by KRS 65.140. KRS 65.140 states that "unless the purchaser and vendor otherwise contract, all bills for goods and services shall be paid within thirty (30) working days of receipt of a vendor's invoice except when payment is delayed because the purchaser has made a written disapproval of improper performances or improper invoicing by the vendor or by the vendor's subcontractor". We recommend that the County comply with KRS 65.140 by paying all invoices within thirty working days.

*County Judge/Executive George "Buzz" Carloftis's Response: Agree.*

**ROCKCASTLE COUNTY**  
**COMMENTS AND RECOMMENDATIONS**  
**For the Year Ended June 30, 2009**  
**(Continued)**

STATE LAWS AND REGULATIONS: (Continued)

2009-03 The Fiscal Court Should Budget All Funds Utilized By The County And Maintain Proper Accounting Records

The Rockcastle County Debt Service Fund is a major fund of the County. During fiscal year ended June 30, 2009, this fund accounted for debt incurred for road resurfacing and purchases of land and an ambulance. The County included the debt on the liabilities section of the quarterly; however, they did not budget for this fund. Also, the County did not maintain accounting records or properly include the debt on the quarterly financial report. KRS 68.240 (1) states, "The County judge/executive shall annually prepare a proposed budget for the expenditure of all funds." Since the County is financially accountable and legally obligated for this debt, they should properly account for the financial activity. We recommend the County maintain a receipts and disbursements ledger, reconcile the account monthly, and include on the quarterly financial reports.

*County Judge/Executive George "Buzz" Carloftis's Response: Agree.*

2009-04 Transfers From Restricted Funds Should Be Returned

During fiscal year ended June 30, 2008, the County transferred \$175,000 in restricted Road Fund monies to the General Fund. Subsequently, the County returned \$125,000 leaving a balance of \$50,000 due the Road Fund from the General Fund. According to the Department for Local Government (DLG), if counties use restricted funds for anything other than the designated purpose, the use must be repaid to the restricted account within the same fiscal year. We recommend that the General Fund transfer \$50,000 back to the Road Fund.

*County Judge/Executive George "Buzz" Carloftis's Response: Agree.*

2009-05 The Deposits Of The Industrial Development Authority Are Not Fully Collateralized

The Rockcastle County Industrial Development Authority does not have a written security agreement protecting public funds. KRS 41.240 requires that public entities obtain a written security agreement and depositories maintain sufficient pledged securities to protect public funds. We recommend the Industrial Development Authority obtain a written security agreement and monitor pledged securities maintained by depositories.

*County Judge/Executive George "Buzz" Carloftis's Response: Agree and will assure RCIDA Board is aware and complies.*

**ROCKCASTLE COUNTY**  
**COMMENTS AND RECOMMENDATIONS**  
**For the Year Ended June 30, 2009**  
**(Continued)**

INTERNAL CONTROL - SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES:

2009-06 The Fiscal Court Lacks Adequate Segregation Of Duties

The County has a lack of segregation of duties over receipts and disbursements. The Finance Officer receives the mail, posts to the receipts ledger, and gives the receipts to the County Treasurer to prepare the deposit. The Finance Officer also approves purchases, prepares the claim list, and prepares and posts checks. Checks are not compared to supporting documentation before signing. No documented review or compensating controls exist over these areas. Adequate segregation of duties would prevent the same person from having a significant role in the receiving, recording, and reporting of receipts, reconciliation of those receipts, or in the approval of purchases and preparation of the claims list and checks. The County should strengthen internal controls by segregating these duties. If segregation of duties is not possible, due to a limited number of staff, strong oversight should be implemented. The employee providing this oversight should document his or her review by initialing source documents.

*County Judge/ Executive George "Buzz" Carloftis's Response: County Judge/Executive and Treasurer will have listing of Fiscal Court's approved claims list prior to signing checks.*

2009-07 The Industrial Development Authority Lacks Adequate Segregation Of Duties

A lack of segregation of duties exists over all accounting functions. The chairman receives and deposits the receipts, prepares the checks and monthly financial reports. In addition, he is the president of the financial institution in which funds are deposited. Adequate segregation of duties would prevent the same person from having a significant role in the receiving process, recording, and reporting of receipts and disbursements. The Industrial Development Authority Board should strengthen internal controls by either segregating the duties or by implementing and documenting compensating controls.

If one employee is solely responsible for the receipt, disbursement, and reporting and reconciling process, the risk of misappropriation of assets and/or fraudulent financial reporting increases. We recommend the airport board separate the duties in preparing and depositing receipts, recording transactions, preparing checks, and reconciling bank accounts. If these duties cannot be segregated due to limited staff or budget, strong oversight should be provided over the employee responsible for these duties.

*County Judge/ Executive George "Buzz" Carloftis's Response: Agree.*

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**CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**ROCKCASTLE COUNTY FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2009**



CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
ROCKCASTLE COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2009

The Rockcastle County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

  
George "Buzz" Carloftis  
County Judge/Executive

  
Joseph B. Clontz  
County Treasurer

